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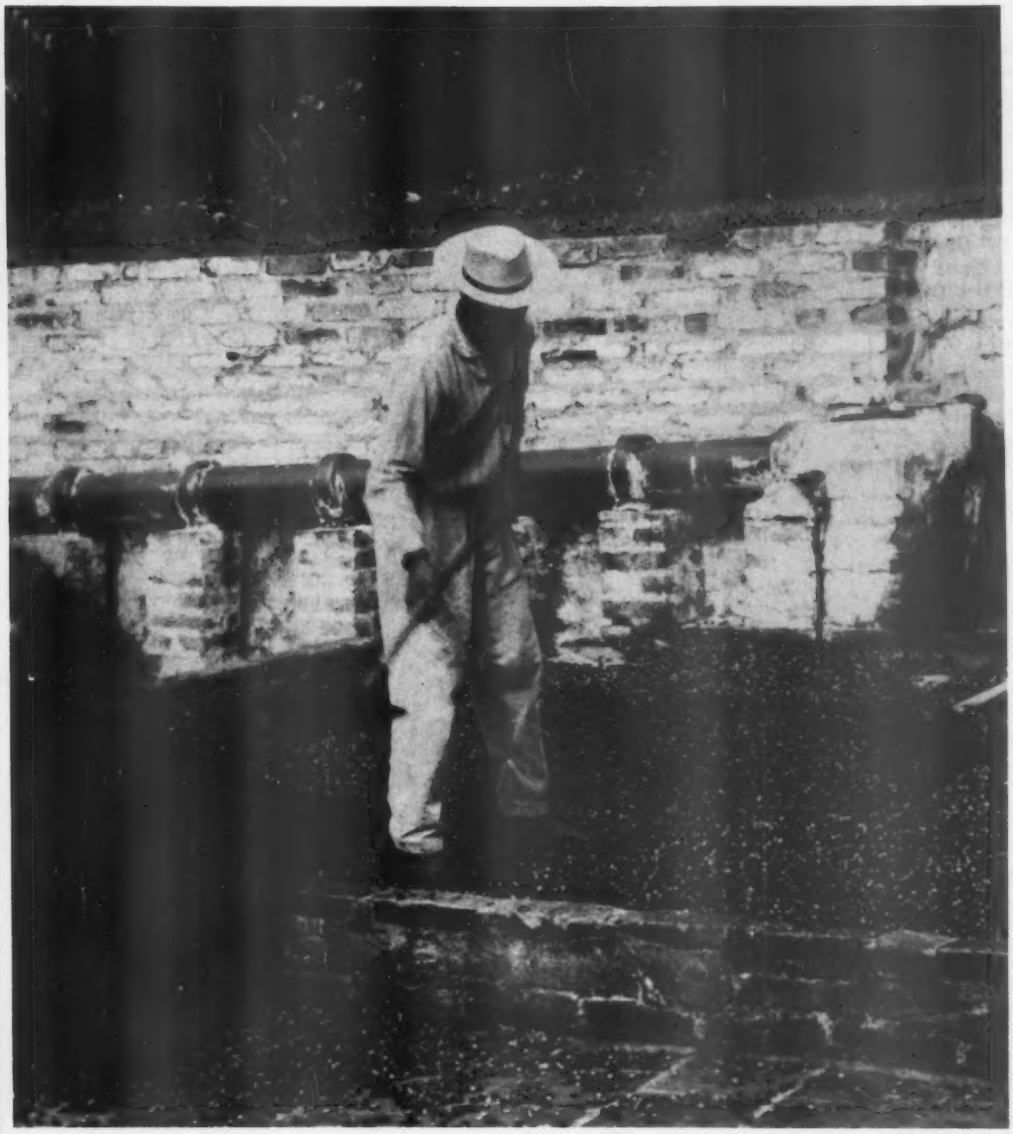

Drying coffee beans, Brazil.

EC Dairy Output

Brazil Harvests Record Crops

Foreign
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OF AGRICULTURE

FOREIGN AGRICULTURE

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This week's cover:

Coffee beans are spread to dry in the sun by Brazilian worker. Growing conditions were favorable for coffee this year, and production rebounded by 89 percent from the frost-damaged 1973 crop. See article beginning this page.

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Million-ton corn exports

Brazil Harvests Record Crops—Soybean Exports To Gain by Half

By SAMUEL O. RUFF
Foreign Demand and Competition Division
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BRAZIL—UNIQUELY positioned as a top U.S. trading partner for agricultural products as well as a leading export competitor—has harvested record crops this season almost across the board. In turn, the favorable harvests are allowing Brazil to expand farm exports, which are being given high priority this year as Brazil—in common with other nations—faces a growing urgency to boost export earnings to partially compensate for the skyrocketing costs of its petroleum imports.

Brazil's spectacular 1974 soybean harvest at 7 million metric tons is almost 30 percent higher than last year's and nearly double that of 1972. As a result, soybean exports are projected to advance by an impressive 1 million tons and soybean meal exports by 235,000 tons. Although Brazil's soybean production and exports are still only about 20 percent of those of the United States, these larger supplies will help to relieve the tight world oilseed and meal situation.

Brazil will be back in world corn markets this year, with 1974 exports estimated at about 1 million tons. Excellent crop outturns are also boosting export supplies of coffee and sugar, and may permit some reduction in wheat imports, including those from the United States.

Crop earnings in 1974 were not universally good, however. Brazil's cotton exports this year may be off by 100,000 tons or more, owing largely to sharply reduced world raw cotton and textile demand in recent months.

Recognizing the high earning capacity of its agricultural sector, Brazil is giving special attention to three principal commodities—coffee, soybeans, and sugar. In 1973, exports of these products accounted for 42 percent of Brazil's total $6.8 billion in receipts. Coffee exports were valued at $1.34 billion, soybeans at $917 million, and sugar, $600 million. Priority is also being given to production of wheat, the leading agricultural import, which cost $214 million for imports from the United States alone in 1973.

Underlying Brazil's farm export push is a desire to increase export earnings in the face of the world energy crunch. Brazil must import a large part of its petroleum and related products. Early in the year, import costs were projected to jump by $2 billion over last year's. By June 30, however, $2.3 billion of the country's total $3.25-billion budget for petroleum had already been spent.

Despite striking export expansion, advancing costs for petroleum and other imported products resulted in a January-April trade deficit near $1.8 billion, compared with a total of $657 million during all of 1973. Thus, this year's deficit could range from $4-5 billion—signaling an urgent need for trade expansion in the year ahead.

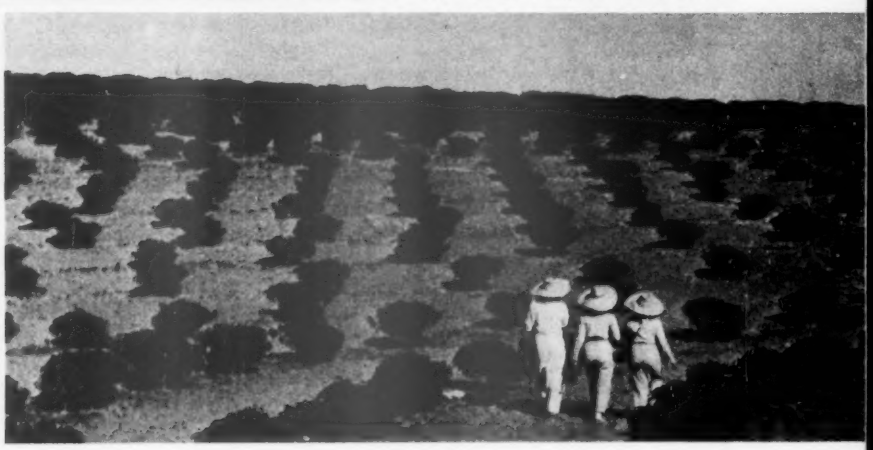
The Government has assured agriculture priority in the use of petroleum and related products. It has continued to devalue its currency to maintain the competitive position of exports on world markets. Since last January, the cruseiro has declined a cumulative 11 percent, dropping to a value of 6.98 cruseiros to the U.S. dollar in August 1974.

Benevolent weather and hearty farmer response to price incentives have already made 1974 one of the 3 best years for Brazilian agriculture in a decade. Estimated growth in the agricultural sector could range from 8-10 percent, as opposed to last year's 3.5 percent.

Contributing to the agricultural boom are Government policies that expanded farm credit and improved price and trade programs.

Agricultural expansion has also been aided by pavement of 24,000 miles of roads in the past 6 years, and by work

Brahman bulls, left, graze lush pasture in Brazil. Below left, cotton from Brazil's southern producing zone is unloaded from railcar for export shipment from the port of Santos in Sao Paulo State. Plantation of young coffee trees, below, is part of an extensive tree-planting program designed to raise coffee production by as much as 2 million tons by 1977. Although beef and raw cotton exports may dip below last year's levels, excellent crop outturns have boosted exportable supplies of coffee, sugar, soybeans, and corn.



on the $553-million "Export Corridors" program to provide facilities for marketing and export from the main agricultural zones.

A major stimulus to Brazilian farmers has been the increase in guaranteed producer prices for 1974-75 harvests of coffee, soybeans, and wheat. For coffee, Grade 6 price minimums have been raised by 34.5 percent from last April's level to 42.2 cents per pound, effective October 1, 1974. Soybean prices have been set at $3.90 per bushel for 1975—76 percent higher than this year's, while wheat is slated to rise 78 percent in November-December 1974 to $5.20 per bushel.

No guaranteed prices are set for sugarcane, but production is based on sugar quotas assigned by the Sugar and Alcohol Institute (ABCAR). However, producers have benefited from an expansion in production quotas brought about by rising prices on the export market. ABCAR is also investing $183 million in a modernization program to increase sugar-production capacity from 7 million tons in 1973 to 9 million by 1977.

Brazil's generally excellent crop outturns this year can also be attributed to very favorable weather conditions. Although Brazil's weather picture is always a mosaic—owing to the country's large size—favorable weather and moisture conditions characterized most farming areas in the south, southeast, and northeast during 1974.

The few exceptions that clouded the bright weather pattern occurred in February, when drought cut yields of upland rice in the low-rainfall interior areas. Heavy June rains also delayed cutting of southern sugarcane until July, reduced the cotton harvest in the northeast, and curtailed flowering of cocoa for the 1975 harvest.

Because of its position in the Southern Hemisphere, Brazil's crops are harvested and move to export positions in a time frame almost opposite to that of the United States. In the important central and southern agricultural areas, soybeans, cotton, corn, and rice are harvested from April through June; tropical crops such as coffee, cocoa beans, and sugarcane mainly from July through September, and wheat is cut during November-December. The less-important north- and northeast-producing areas harvest crops somewhat later: Cotton in August-November; castorbeans in July-December; and sugarcane in August-December.

Therefore, harvests of most of the following major crops are now completed, and supplies are moving into export channels.

Soybeans. Advancing prices maintained the momentum of the expansion in soybean acreage that has occurred in recent years. According to preliminary forecasts, the 1974 crop will provide 2.8 million tons of soybean exports. A total domestic crush of 3.5 million tons will yield 629,000 tons of oil and 2,625,000 tons of meal, includ-

ing an estimated 1,825,000 tons of meal for export. Domestic consumption is expected to utilize all of the oil, but the increase in production may permit Brazil to expand export of other oilseeds and vegetable oils, particularly peanuts.

Soybeans were Brazil's second most important source of export earnings in 1973, trailing only coffee. Although the Government maintains quotas on exports to insure adequate domestic supplies, it removed the export tax on meal in 1973 and has since reduced the tax on soybeans from 13 to 9.5 percent for 1974 exports.

The new producer support price is expected to encourage further expansion of production in 1975 and the current forecast is for a harvest near 8.5 million tons.

Wheat. The increased 1974 support price encouraged farmers to increase wheat area by about 25 percent, and a record crop of 2.5 million tons is forecast—assuming normal weather conditions until the harvest in December. This compares with 1.93 million tons for 1973 and the unusually small harvest of 800,000 tons the previous year, which forced record imports in 1973 to meet domestic needs.

Brazil's food supply agency (SUNAB) determines general levels of wheat consumption and imports in any given year. It set 1974 consumption at 4.2 million tons with a deficit estimated from 2.7 to 2.8 million tons after allowing for seeds and waste.

Total 1974 imports from the United States are expected to exceed a million tons, but will be down somewhat from the 1.54 million in 1973. Argentina, the traditional supplier of imports, will only provide 370,000 tons this year, but Canada has concluded a series of agreements for 1.3 million tons in 1974.

Although consumption requirements in 1975 may exceed this year's 4.2 million tons, the prospective 2.5-million-ton crop will probably reduce wheat import requirements further.

Another important factor affecting Brazil's future wheat trade will be the ability to expand production into new lands with adequate winter rainfall. The southern part of the State of Mato Grosso, located in the winter rain area, is estimated to have a potential for 500,000 to 800,000 tons of wheat production.

Rice. Brazil's disappointing rice crop is currently estimated slightly below the large 1973 harvest. Irrigated rice in Rio Grande do Sul, the main producing State, was a record. However, unseasonly dry weather in West-Central Brazil in February cut upland yields over wide areas and March rains and flooding damaged the crop in the southern State of Santa Catarina.

Brazilian rice trade will continue on a very limited basis, characteristic of recent years, because of growing domestic requirements. The only reported export has been a sale of 125,000 tons of broken rice to Iraq at a value near $4 million ($330 per ton).

Feedgrains. Brazil's corn production continued to expand in response to higher prices. Seed supplies were sold out as farmers increased acreage by 10 to 15 percent on new lands in Western Parana and in Mato Grosso. The 1974 crop, harvested last spring, is estimated at 15 million tons—Brazil's largest.

Commercial production of sorghum grains has also been making headway in response to strong domestic demand for feeding, but production is off slightly from 365,000 tons harvested in 1973 to a level estimated near 350,000 this year.

Rising production of feedgrains has been utilized mainly to meet growing domestic demand, particularly for poultry feeds. In recent years, occasional exports have fluctuated between 34,000 tons and over 1 million. The Minister of Agriculture has estimated a current export surplus of 1 million tons, partly from stocks of good quality 1972-73 corn.

Cotton. Rain damage reduced cotton harvests, particularly in the important southern zone, and the 1974 crop is estimated near 570,000 tons, lint basis, down rather sharply from 660,000 tons for the previous year. This continued a downtrend in production from the 1969 peak of over 700,000 tons, reflecting rising costs and growing competition from other crops in many producing areas.

Until this year, domestic consumption has been expanding, due partly to expansion in textile exports, and is currently estimated near 350,000 tons. Brazil's cotton export sales were not more than 30,000 tons during January-June 1974 because of the slump in demand from Far Eastern markets, particularly Japan, Taiwan, and Hong Kong. Current forecasts indicate that total exports will be 100,000 tons below the 275,000 tons shipped in 1973.

Coffee. Growing conditions were favorable for coffee and the 1974 harvest, recently completed, is forecast near 1.6 million tons. Production was up 89 percent from the frost-damaged 1973 crop and the largest since the bonanza 1965 harvest of 2.3 million tons. Since 1965, Brazil has maintained annual exports ranging from 950,000 to 1.1 million tons by supplementing declining production with a drawdown in stocks,

Continued on page 15

BRAZIL: RATES OF SECTORAL OUTPUT GROWTH
[In percent]

Year	Industry	Agriculture	Services	Total
1968 ..	15.5	1.4	8.9	9.3
1969 ..	10.8	6.0	9.1	9.0
1970 ..	11.1	5.6	10.1	9.5
1971 ..	11.2	11.4	11.4	11.3
1972 ..	14.0	4.0	10.5	10.4
1973 ..	15.0	3.5	11.9	11.4

Source: *Brazilian Business*, May 1974.

BRAZIL'S PRODUCTION AND EXPORT OF SELECTED AGRICULTURAL COMMODITIES
[In 1,000 metric tons]

Item	1968	1969	1970	1971	1972	1973 [1]	1974 [2]
Production:							
Soybeans	654	1,057	1,509	2,077	3,666	5,400	7,000
Corn	12,814	12,693	14,216	14,130	14,891	13,800	15,000
Cotton	606	705	581	595	682	660	572
Coffee	990	1,140	585	1,416	1,440	870	1,620
Sugar	4,358	4,675	5,118	5,388	6,268	6,900	7,400
Cocoa beans [3] .	166	202	182	165	158	245	175
Exports:							
Soybeans	70	310	290	213	1,037	1,850	2,800
Soybean meal .	225	275	489	872	1,343	1,590	1,825
Corn	1,238	650	1,471	1,280	172	34	800
Rice, milled ...	158	70	95	149	1	35	15
Cotton	248	440	543	227	284	283	175
Coffee	1,107	1,121	963	1,034	1,050	1,080	950
Sugar	1,026	1,099	1,125	1,226	2,606	2,977	3,200
Cocoa beans ..	76	120	122	119	102	110	150

[1] Preliminary. [2] Forecast. [3] Year beginning October 1.

Challenge to European Community: Finding Markets for More Milk

By EDWARD KARPOFF
Foreign Commodity Analysis,
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FARM PRODUCERS and dairy processors in the major dairy countries of the European Community are set to continue the long-term upward trend in milk and dairy products output.[1]

However, the strength of consumer demand and the capability of the marketing system to absorb the consequent increase are somewhat in doubt.

If the supply, demand, and marketing framework do not in fact develop together, the result within the next 5 to 8 years will be increasing strains upon the EC milk support system, and a buildup of export pressures such as those that were resolved by the 1973 sale of EC butter to the Soviet Union at approximately 20 cents per pound may be expected.

In five countries of Northwest Europe (United Kingdom, France, Belgium, Netherlands, and Denmark), milk production in mid-1974 was restrained by insufficient rainfall through mid-June. Relief has since come.

However, herd sizes in most of these countries appear to be fully sustained, and potential capacity for milk production probably was undiminished from the 1973 level, which resulted in a considerable accumulation of intervention stocks in the Community.

Milk production on EC farms is encouraged by the target price level of the Community—in April this year, an average of $7.93 per 100 pounds at Dutch plants and $7.70 at German plants, and since increased.

These prices compare with monthly U.S. average farm prices ranging between $7.94-$8.68 and $6.33-$6.93 for milk of fluid quality and milk for manufacturing, respectively, in May-August 1974, with the recent prices being at the lower end of the ranges.

The United Kingdom has recently blanketed all milk into the guaranteed price for its "standard quantity." With this change, none of the surveyed European countries now has a price distinction similar to the American one based on utilization of milk.

The EC target price for milk—which by and large has been fully realized in EC countries—has encouraged expansion. After a decline in production when the milk price under the Common Agricultural Policy (CAP) was steady, there have been periodic increases in price, which have been followed by increases in production.

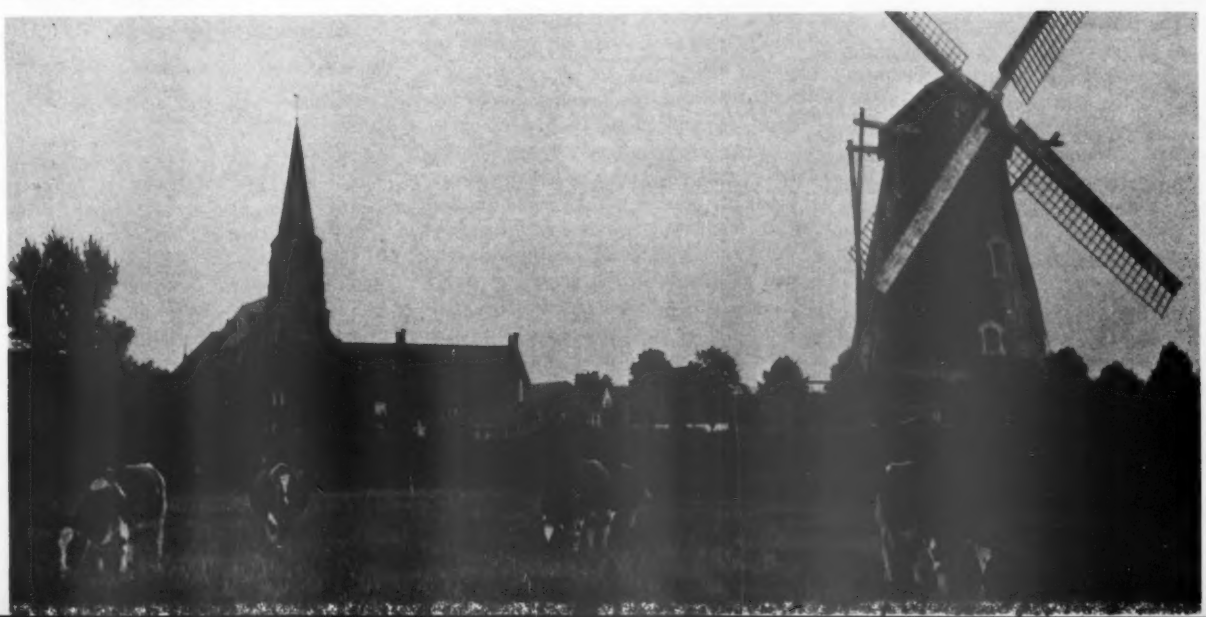
Increased output has been achieved by the combination of sustained numbers of milk cows and increased productivity per cow. Yields per animal have responded to improvements in dairy management in Europe, just as in the United States, but the most important elements are the increased use of better grass varieties that respond to fertilizer—particularly nitrogen—and the gradual switch in many countries to more productive dairy breeds such as black-and-white Friesians—similar to U.S. Holsteins.

Despite an openminded attitude toward advanced management practices, productivity of dairy animals in most European countries is below U.S. levels. This is at least partly explained by European feeding programs. Milk in the Common Market—particularly in the six original EC countries—is produced with a smaller volume of feed concentrates than is used in American practice.

THE AVERAGE U.S. dairy cow in 1 year is fed about 3,000 pounds of grain and other concentrates and produces an average of 10,200 pounds of milk, while the recommended ration for her EC counterpart in Denmark—an intensive feeder country, by European standards—calls for half that quantity of concentrates. Partly as a consequence, aver-

[1] **The author has just returned from a field trip through Belgium, Denmark, France, the Netherlands, and United Kingdom.**

Dutch cows on pasture.



age milk production in Denmark is 9,400 pounds per cow.

While the level of grain feeding is not the only factor limiting output—nor is it necessarily even the principal one—it is important. It means that milk output is closely tied to pasture conditions and availability; ensiled grass ("haylage") and hay do not sustain milk flow like lush pasture.

As a consequence, 1972 milk production among the six original EC members in January—the lowest production month—was only 63 percent of output in the flush month of May. In the United States last year, November output (lowest month) was 78 percent of the peak month of May.

"Although EC population is projected to rise slowly in the next decade, total milk consumption is not likely to rise proportionately."

While European milk output could be raised by emphasizing concentrate feeding during the winter months, such emphasis would increase production costs. Prevailing seasonal milk price differentials evidently are inadequate to cover the added costs.

Except in the United Kingdom, near-uniform production ("square" production, in European parlance) is not essential because use of fresh milk and cream is relatively light—13 percent of output in France, 17 percent in the Netherlands, contrasted with 66 percent in the United Kingdom and 46 percent in the United States.

The nonfluid milk products evidently can be produced more economically from cheaper seasonally produced milk, even at the expense of idle capacity in the processing plants during the slack months. Storage, however, is practical for the manufactured dairy products, and consumer markets are uniformly supplied despite the seasonality of production of butter, and, to a lesser extent, of cheese.

Continuing shifts from so-called dual-purpose breeds of cattle to the black-and-white Friesians and similar animals are creating a likely source of future milk production increase. Farmers claim that Friesians are no less a dual-purpose breed than other local or national bovine strains, but until they can convince butchers of the merits of Friesian beef, further on-the-farm conversion to that breed will be delayed.

As is true elsewhere in the world, small European dairy farms return inadequate incomes to their proprietors. Average herd size in Europe is small by U.S. standards—10-plus cows in France, about 13 in Belgium and Luxembourg, and about 20 in the Netherlands, the continental country where dairying is most intensive. Only in the United Kingdom, with a 31-plus cow average (1970) does the figure approach the U.S. average of about 40 cows.

Although proprietors of small European farms—including dairy farms—were publicly demonstrating in favor of higher prices this past summer, larger dairies seem reasonably satisfied with their returns. At farms where herds were large enough to support labor-saving equipment and at the same time employ fully the resident family, proprietors claimed that recent investments for improvements—particularly buildings that permitted keeping more cows—were being rapidly amortized.

Even on farms claimed to be unprofitable on account of small size, the number that have gone out of business does not represent a net reduction in dairy capacity. Typically, the dwelling remains occupied while the arable land and pasturage contribute to the milk production of nearby dairy operators.

In the nonmountain dairy areas of the five countries milk production and related forage production are claimed to be the most profitable uses of land.

Before the recent beef price collapse, meat production would also have been mentioned as an important contender for a high-profit role on farms where full employment could be achieved for family labor.

The net result of this complex of factors—generalized for the five countries—is likely to be a nearly sustained number of milk cows over next 5 or 8 years, gradually moving into larger herds, and with increasing production per cow. Total milk output will continue to rise, and total milk deliveries will probably rise even more, since appreciable quantities of milk are now retained on farms for feeding veal calves.

Such retained milk is not covered by EC subsidies to the users of milk for animal feed. Skim milk that has been handled by commercial dairies is eligible for such payments, which in 1973 in West Germany amounted to $1.36 per 100 pounds, fluid basis. (Dollar equivalents vary from country to country within the Community.)

An average of 25 percent of the skim milk separated in EC plants is claimed to be used for animal feed, with five of the nine EC countries using more than 30 percent in this disposition. Subsidies on this use make the sale of nonfat milk powder for human use of its donation to the World Food Program "uninteresting" in several EC countries.

The processing industries in the five countries seem to anticipate a larger milk flow in the future. New construction and modernization are commonplace, and efficient operation within these structures eventually will reduce manufacturing margins.

The typical EC dairy manufacturing organization is a poly-firm, controlling plants that produce a variety of products. Dairy co-ops are important in all five countries, and in some areas have been joined by proprietary firms in a unified farm pickup of milk and its allocation to various plants, regardless of ownership ,so as to use capacity most economically.

In the United Kingdom, the allocation role is undertaken by the Milk Marketing Board, which not only minimizes cross-hauling but also assures the diversion of milk to the highest paying products.

". . . Continuing shifts from dual-purpose breeds to Friesians and similar animals are creating a likely source of future milk production increase."

European managers, in the operation of the dairy manufactures industry, are keenly aware that in Europe the present return per 100 kilograms of milk is higher from cheese production than from other manufactured products.

This situation prevails despite the fact that EC support (intervention) prices are confined to butter, certain Italian cheeses, and dried skim milk.

EC cheese prices, on the other hand, are established by internal markets, which in turn are influenced by export opportunities made available by the existence of export subsidies.

With the help of the processing margins from cheese production, dairy plants have paid farmers, on the average, approximately the target price for milk deliveries.

Some sources claim the intervention prices of butter-powder are inadequate to cover both the target price for milk and the processing cost.

Nevertheless, butter-powder production continues and will likely further continue, to absorb seasonal excesses of milk. Idle buttermaking capacity in the slack season is less costly to maintain than comparable cheesemaking capacity. Also, butter and powder store better than some popular European cheeses.

The European dairy manufacturing industry includes large-scale, highly mechanized plants for production of exportable hard cheeses, and more are under construction.

Under the one-price system of payment to farmers for milk, these plants pay more than U.S. cheese and butter plants pay for their milk, but there is no reason to believe that in-plant costs in modern European plants are higher than comparable U.S. costs.

Butter production is not favored by plant managers, but the availability of the EC intervention price encourages its production. Butter is an important component of cost-of-living indices in European countries. It is a symbol of good living.

Of the important milk products in the European diet, it is the most conveniently stored for long periods, since fluid products are hardly storable at all and cheeses deteriorate after recognized aging periods. Therefore, butter in storage—in intervention stocks—has become the balance wheel of the EC dairy economy.

THE EC Commission, in operating this balance wheel, notes that in the event of shortage, alternative supply sources of butter are not likely to be available for a population of 250 million consumers.

The entire exportable butter supply of Oceania is but one-eighth the normal butter consumption of the six original EC members, and of course only part of the exports of Oceania are uncommitted. As a result, the Commission follows what observers call a "safeguard" policy in regard to its dairy stocks.

This policy calls for the accumulation each summer of a considerable stockpile of butter. If it is needed in normal commercial channels, fine; if not, EC has several programs, including concessional distribution to hospitals and institutions, low-income families, military messes, bakers, and World Food Program recipients that, in all, can absorb as much as 150,000 tons per year of stored butter.

Although these outlets are available, the EC Commission would evidently prefer to realize the greatest possible return on the prospective distributions. An alternative to these distributions is subsidized export. Therefore, unless policies and practices change, the availability of subsidized butter from the Community is likely to be a continuing feature of world dairy markets.

Although EC population is projected to rise slowly in the next decade, total milk consumption is not likely to rise proportionately. Per capita consumption in the Community is expected to decline, particularly of the fat fraction of milk output.

ON A PER CAPITA basis, Continental European consumption of fluid products (fresh products) is likely to remain fairly constant, except possibly for specialties such as yoghurt and nonfrozen dairy desserts. Butter use likely will decline, and, as in the United States, cheese is likely to increase.

With respect to consumption, the United Kingdom is a special case. Consumer subsidies there in mid-1974 amount to about 25 percent of the retail price of fluid milk, and 15-20 percent of the price of butter and cheese.

For this and other reasons, dairy product prices in the United Kingdom do not yet reflect the high level that will have to be adopted when British accession to the Community is fully accomplished in 1978. At that time, the U.K. price levels for cheese and butter will approximately double.

Also, in the interim, prices of the vegetable oils used in margarine are expected to decline, thereby making more attractive an alternative to the U.K. consumption (1970-72) of 18 pounds of butter per person per year.

This expected decline in butter consumption raises questions about the effects of a possible renegotiation and continuation of the special arrangement between New Zealand and the United Kingdom regarding butter trade. Shrinkage of the U.K. market will result in increasing pressure on other world dairy markets.

The upshot is likely to be a smaller total commercial domestic disappearance of milk and products 5 years hence in the Community than at present. Production of milk on farms is likely to increase—possibly at an average annual rate in the five European countries of 2-3 percent per year.

The result will be an increase in that part of the supply seeking an export outlet. The preferred form for the potentially expanded export supply is most likely to be cheese. Since at least part of the EC manufacturing complex has a certain range of adaptability, this changeover can be made to cheese varieties that are in commercial favor in potential importing countries.

U.S. AND EC SELECTED MILK PRICES, 1965; 1968-1974

Year (calendar except as otherwise indicated)	Prices, equiv. per 100 lb.[1]				Production		
	EC target, delivered plants[2]		U.S. average rec'd by farmers		EC-6	EC-9	United States
	Units of account	Dollar equivalent[3]	All milk	Mfgr. grade			
	U.a.	*Dollars*	*Dollars*	*Dollars*	*Bil. lb.*	*Bil. lb.*	*Bil. lb.*
1965	—	—	4.23	3.34	146.2	190.1	124.2
1968	10.30	4.66	5.24	4.22	162.6	208.5	117.2
1969	10.30	4.66	5.49	4.45	156.2	201.9	116.1
1970	10.30	4.66	5.71	4.70	155.1	200.6	117.0
1971	10.90	4.94	5.87	4.84	154.6	200.9	118.5
1972	11.71	5.80	6.07	5.08	161.2	210.4	119.9
1973	12.42	6.79	7.13	6.16	[4] 165.0	[4] 215.0	115.6
1974	13.41	7.34	—	—	—	—	—

[1] Target prices are delivered plant, U.S. prices are at farm. [2] Years beginning April. [3] Figures will vary according to the position of each country's currency. [4] Preliminary.

At $4.5 billion

U.S. Farm Exports Set Record In First Quarter of 1974-75

By DEWAIN H. RAHE
Foreign Demand and Competition Division
Economic Research Service

THE VALUE OF U.S. agricultural exports in the first quarter of fiscal 1975 hit an alltime record of $4.5 billion, rising 8 percent higher than the total of a year earlier. All of the increase in this quarter stemmed from higher prices as the volume of most commodities was nearly 10 percent below that of the comparable period a year earlier.

Farm exports produced a favorable agricultural trade balance of $2.0 billion in July-September 1974, compared with $2.2 billion for this period a year earlier. The rise in the trade deficit in nonfarm products to $5.4 billion in July-September 1974, from $2.1 billion for these same months in 1973—primarily because of the sharp increase in petroleum imports—caused the overall trade balance to be in the red by $3.4 billion in the first quarter of 1974-75.

Significant volume gains occurred in the first quarter of fiscal 1975 for soybeans, vegetable oils, protein meal, tobacco, rice, cattle hides, poultry meat, and inedible tallow. But sharp declines in wheat and feedgrains were far larger than these gains. Substantial value jumps were noted for soybeans and soybean oil, tobacco, rice, fruit, nuts, vegetables, fats and oils, hides and skins, poultry products, and cotton.

With the exception of those to the USSR, U.S. exports to all destinations increased in the first quarter of the fiscal year. The biggest gains occurred in exports to the developing countries of Asia, Africa, and Latin America. Exports to Japan and Western Europe were about the same as a year earlier. Shipments to Canada rose about a fourth, primarily because of volume expansion and higher prices of horticultural products. Drought-reduced grain production in South Asia and Africa increased demand for U.S. food products. Exports to the People's Republic of China (PRC) were about the same in value as the $230 million exported during July-September 1973.

U.S. exports of **grains and preparations** fell by 9 percent to $2.3 billion from $2.5 billion a year earlier. The decline was concentrated in shipments of wheat and feedgrains. Rice exports were up both in quantity and value.

Wheat exports of slightly over 7 million tons were sharply below last year's 10.4 million tons. Wheat exports in the first quarter of fiscal 1974 were larger than in the same period in the current year because of continued big movements to the Soviet Union from its U.S. wheat purchases of a year earlier.

Improved wheat harvests in some importing countries also reduced purchases from the United States during the first quarter of fiscal 1975. Wheat exports are expected to pick up later in the year because of a drop in world grain production. Much of the decline in U.S. wheat exports during the first quarter of fiscal 1975 occurred to the USSR, the PRC, Argentina, Venezuela, the European Community, and Japan. Exports to Turkey, Iran, India, Pakistan, Bangladesh, and Mexico were higher.

Wheat exports of $170 million to the PRC were about the same as a year earlier, while volume was down one-half million tons. Developing countries took 63 percent, or 4.4 million tons, of U.S. wheat during the first quarter of 1974-75. Export values of U.S. wheat during July-September 1974 averaged $159 per metric ton, compared with about $116 a year earlier.

U.S. feedgrain exports during July-September 1974 of 7.3 million tons were two-fifths below the 12 million tons exported in the same period of 1973. With higher prices, however, the value of U.S feedgrain exports—at $901 million—was only one-fifth below that of a year earlier. Export volumes declined, especially to Mexico, the EC, the USSR, Japan, India, and the PRC.

During this period many foreign importers purchased more of their feedgrain requirements from Southern Hemisphere countries, most of which had very good feedgrain crops during the past year. In addition relatively low U.S feedgrain stocks and consequent high prices this year tempered exports in the first quarter

Nearly all of the declines in feedgrain exports during the first quarter occurred to developed countries. Traditionally, shipments to developed countries account for about 72 percent of U.S. feedgrain exports. Export value of feedgrains rose to an average of $124 per metric ton in July-September in 1974, from $92 for the same period a year earlier

U.S. rice exports gained by about one-third in quantity. A 34 percent jump in prices spurred a 93 percent rise in value. Most of the increase occurred in exports to South Korea, Japan, Cambodia, and Iran.

U.S. exports of **oilseeds and products** rose by 55 percent to $921 million in the first quarter of fiscal 1975 with the increase concentrated in soybeans and soybean oil. Their export prices were somewhat below the record set in the first quarter of fiscal 1974 when supplies were short and U.S. export quotas were imposed. Export volumes of soybeans, soybean oil, and soybean meal were all about double the levels of a year earlier.

The volume increase occurred primarily in exports to the EC and other West European countries. But the PRC and Canada also purchased more during the first quarter than a year earlier, as did Mexico. Exports of soybeans to the PRC for the full fiscal year may not be as large as originally anticipated, however, because of a somewhat better Chinese harvest.

Tobacco exports, including bulk smoking, of 144 million pounds were about the same as a year earlier. However, the higher prices pushed the value up by 7 percent. The decline of 7.5 million pounds of flue-cured tobacco was about offset in gains of dark-fired Kentucky and Tennessee, Maryland, bulk smoking, and miscellaneous—including stems. Exports advanced sharply during the first quarter to West Germany, Switzerland, Spain, France, Sweden, Syria, Dominican Republic, Republic of China, Egypt, and Libya.

Offsetting these gains were declines to the United Kingdom, Denmark, the

Netherlands, Japan, Australia, and Thailand. Foreign demand for U.S. tobacco continued strong during the current year despite the slowdown in economic activity in major markets and somewhat larger foreign production in 1974. Tight world supplies of quality tobacco, a larger U.S. crop, and gains in foreign per capita smoking all contributed to the high level of U.S. exports.

U.S. **cotton** exports totaled about 812,000 running bales, down 17 percent from 985,000 bales in the first quarter of fiscal 1974. Value, however, jumped 36 percent to $217 million. Smaller shipments to Taiwan, Thailand, the Philippines, and South Korea more than offset the larger ones to Japan, Hong Kong, Singapore, Indonesia, and Bangladesh. Exports to Western Europe continued to be at the sharply reduced level of a year earlier.

Foreign demand for cotton is weak because of the world slowdown in textile activities in major U.S. markets and large cotton inventories outside the United States.

Export value of **fruits and preparations** rose about one-seventh because of increases in exports of fresh fruits, citrus fruits, dried fruits, and fruit juices. Canned fruits, however, were down by around one-third in value. Large U.S crops and high prices in foreign markets have encouraged U.S. exports during the current year

Canada is the largest foreign outlet for U.S. fruits, accounting for about half of the total. Exports also increased to Europe, the Middle East, and Japan.

Exports of **vegetables and preparations** rose by nearly a third to reach a record level of $104 million. Much of the gain was accounted for by increased exports of dry edible beans. A larger U.S. crop and continued strong foreign demand have stimulated exports during the current year.

Exports of live **animals and animal products** rose in value by nearly one-fifth to a record $401 million. Animal fats, greases, and oils—especially inedible tallow—accounted for much of the increase. Prices of inedible tallow were up sharply. Increases also were registered for hides and skins and dairy and poultry products. But the number of live animals exported was down sharply from a year earlier.

The decline reflects the embargo by Canada of cattle and meat from cattle fed with diethylstilbestrol (DES). In addition, Canada also used quotas to restrict imports of beef, eggs, and turkeys. Japan and the EC have restricted imports of beef which also account for the decline in U.S. beef exports to these areas. The EC has raised supplementary levies on poultry to a magnitude where it is nearly impossible for U.S. producers to compete in this market.

U.S. AGRICULTURAL EXPORTS BY COMMODITY VALUE
JULY-SEPTEMBER 1973 AND 1974

Commodity	July-September 1973	July-September 1974	Change from 1973 to 1974
	Million dollars	*Million dollars*	*Percent*
Animals and animal products:			
Dairy products	14	18	+32
Fats, oils, and greases	86	143	+67
Hides and skins, incl. furskins	82	89	+8
Meats and meat products	70	77	+10
Poultry and poultry products	31	34	+12
Other	54	40	−26
Total animals and products	337	401	+19
Grains and preparations:			
Feedgrains, excluding products	1,112	902	−19
Rice	94	181	+93
Wheat and major wheat products	1,254	1,169	−7
Other	55	44	−20
Total grains and preparations	2,515	2,296	−9
Oilseeds and products:			
Cottonseed and soybean oil	57	169	+196
Soybeans	256	494	+93
Protein meal	209	173	−17
Other	70	85	+21
Total oilseeds and products	592	921	+55
Other products and preparations:			
Cotton, excluding linters	159	217	+36
Tobacco, unmanufactured	162	175	+7
Fruits and preparations	141	162	+15
Nuts and preparations	16	28	+78
Vegetables and preparations	79	104	+31
Other	150	160	+7
Total other products and preparations	707	846	+20
Total	4,151	4,464	+8

U.S. AGRICULTURAL EXPORTS BY REGIONS, ACTUAL
JULY-SEPT. 1973, AND FORECAST JULY-SEPT. 1974

Region	July-September 1973	July-September 1974	Change
	Million dollars	*Million dollars*	*Percent*
Canada	232	295	+27
Transshipments through Canada	275	73	−73
Latin America	444	560	+26
Western Europe	1,159	1,204	+4
Eastern Europe	97	88	−9
USSR	198	32	−84
Japan	659	702	+7
People's Republic of China	230	227	−1
Other Southeast Asia	367	407	+11
South Asia	181	309	+71
West Asia	147	315	+114
Africa	146	214	+47
Oceania	16	38	+141
Other	0	0	—
Total	4,151	4,464	+8

West Germany To Maintain High Fertilizer Exports in 1974-75

By TURNER L. OYLOE
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WEST GERMANY HAS been an important producer and net exporter of fertilizers for at least a decade and, unless it is cut off from supplies of imported raw materials, is expected to maintain overseas shipments in 1974-75 and 1975-76 at about the same level as, or slightly higher than, those in 1973-74. However, most fertilizer categories are expected to show considerable price rises in the future. (The fertilizer year is July 1-June 30.)

Consumption of fertilizer is also growing steadily in West Germany, but this is expected to have little influence on the size of its exports.

Regularly ranking as one of the world's top 10 fertilizer manufacturing countries—in 1973-74 it was fifth in total nutrient outturn—West Germany has a strong reputation as a fertilizer researcher. Its fertilizer industry is relatively modern, having been rebuilt between World War II and the sixties, and now has facilities for producing nitrogen (N), phosphate (P_2O_5), and potassium (K_2O) nutrients well in excess of domestic requirements.

Operating at about 90 percent of capacity, the German fertilizer industry is dominated by about eight large firms, none of which has announced any new plant construction for several years. However, the industry will have to enlarge existing facilities or build new ones if it is to expand output to meet estimated future production and export levels.

West Germany's production of all three types of fertilizer has generally moved upward in the past 10 years, and it is expected to go even higher during the next 5, provided capacity is boosted. Nitrogen fertilizer output has risen from 1.29 million tons in 1964-65 to 1.5 million in 1973-74, a 16 percent increase. By 1979-80, production of nitrogen fertilizer is expected to mount to 1.81 million tons, 40 percent greater than the 1964-65 level.

Increases in phosphate and potassium fertilizer output were smaller than for nitrogen in the 10-year period. Phosphate fertilizer production went from 949,800 metric tons in 1964-65 to just 950,000 tons in 1973-74, and is expected to increase to only about 1.14 million tons by 1979-80. Potassium fertilizer output was 2.23 million tons in 1964-65, rising to 2.40 million tons in 1973-74. Its production is expected to reach 2.70 million tons by 1979-80.

West Germany has large deposits of potash, but is heavily dependent on foreign sources for other raw materials—naptha, natural gas, heavy gas, and petroleum for the manufacture of nitrogen fertilizer—and rock phosphate for superphosphates and related fertilizers.

A MINOR percentage of the nitrogen industry continues to be based on domestic coal, but about 80-85 percent of the industry's raw materials come from foreign suppliers. Remaining raw materials are sulphate of ammonia, a coke production byproduct, and calcium cyanamide—produced in an electrical arc process.

The nitrogen industry will not disclose to what extent its production is based on any of the imported raw materials. It is known, however, that most natural gas used in the production of nitrogen comes from the Netherlands.

In 1973, when the petroleum shortage struck West Germany, the impact was at first considered of crisis proportion for nitrogen producers. The industry announced that West German agriculture would receive priority over exports, if the need arose. However, initial fears were soon dispelled.

The lack of domestic rock phosphate may have had a retarding effect on increased production of West German phosphate fertilizer. The industry is dependent on the United States, the Soviet Union, and Morocco for its supplies of this raw material. Despite large imports, West Germany's supplies of phosphate rock continue to be short, and prices have gone up, following the lead of petroleum. On July 1, Morocco increased the spot price of its phosphate rock from $42 to $63 per ton. (See *Foreign Agriculture*, Sept. 30, 1974.)

The situation, however, is somewhat alleviated by the availability of Thomas slag from West Germany's booming steel industry. About 30-35 percent of German agricultural phosphate is in the form of Thomas slag.

Intensive West Germany agricultural production methods are highly dependent on commercial fertilizers. Current consumption is about 1.20 million metric tons each for nitrogen and potassium fertilizers, and about 850,000 tons for phosphate. Annual fertilizer use in Germany is running about 208 pounds per acre on grain, including 77 pounds of nitrogen, 57 pounds of phosphate, and 74 pounds of potassium.

Grain is grown on about 70 percent of West Germany cropland, constituting 39 percent of the total land area used for agriculture. On a per-acre basis, it is estimated that fertilizer application on grains accounts for 91 percent of the nitrogen utilization, 86 percent of the phosphate, and 83 percent of the potassium nutrients. Any reduction in the per-acre rate of fertilizer use would thus be expected to cut grain output substantially. For example, a 10 percent reduction in fertilizer application would probably cut production of grains by an average of 4 percent, or over 800,000 metric tons

West German use of nitrogen fertilizer accounts for the greatest increase in domestic fertilizer consumption. Between 1964-65 and 1973-74, nitrogen

	Production	Consum
1966-67[1]	1,501.3	888
1967-68[1]	1,559.1	950
1968-69[1]	1,597.7	932
1969-70[1]	1,574.1	1,084
1970-71[1]	1,504.6	1,130
1971-72[1]	1,320.8	1,131
1972-73[1]	1,470.6	1,189
1973-74[2]	1,500.0	1,250
1974-75[2]	1,600.0	1,250
1975-76[2]	1,650.0	1,300

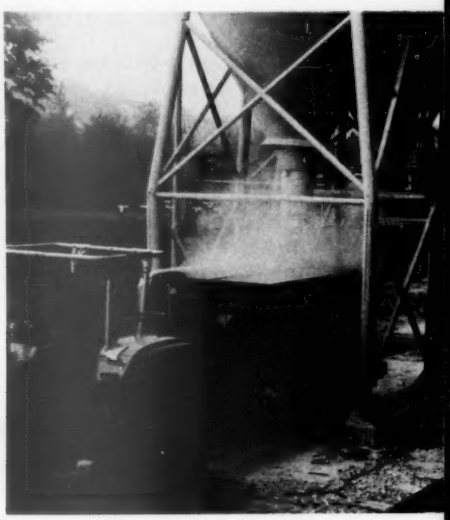
[1] Federal Statistics Office. [2] Office of U.S. Ag

consumption rose by nearly 60 percent. Yet German scientists believe that not enough nitrogen fertilizer is being used on German farmland, compared with the use potential, and the amount of potash and phosphoric acid available in the soil. During the same period, phosphate use rose by just 4 percent, while potash consumption rose 1 percent.

Although the petroleum shortage had no drastic effect on fertilizer availability because 90 percent of 1973-74 requirements had already been ordered and stored when it occurred, the world fertilizer shortage and fears about future supplies did cause prices to shoot up. This probably had a "shock effect" on farmers and may have caused a short-term reduction in fertilizer use. However, it is expected the situation will normalize as German farmers discover it still pays to use nitrogen fertilizer even at the higher prices.

SOME CONCERN is being expressed about the availability and high prices of phosphate rock but most observers think that a little lower use of phosphate on German fields would have no significant impact on agricultural production.

During calendar 1973, West Germany imported fertilizer from Belgium, Luxembourg, Romania, Yugoslavia, Poland, Netherlands, Hungary, and Portugal. Other suppliers were the United Kingdom, the Soviet Union, Greece, and Canada. Of total imports of 243,100 metric tons of nitrogen fertilizers, Belgium-Luxembourg was top supplier with 71,500 tons. This grouping also provided most of West Germany's



Counterclockwise from left: West German fertilizer being shipped to Haifa, Israel, from the port of Rotterdam; farmer reloading spreader from sacked fertilizer on a German farm; loading a tractor-drawn spreader from a railside hopper. Individual farmers and cooperatives try to order fertilizer in large quantities since a discount is given on bulk purchases, especially for full rail carlots. West German consumption of fertilizer is climbing slowly and this is expected to have little effect on exports. (Photos from German Extension Service, AID; and OECD Press Office.)

STERN GERMANY: FERTILIZER PRODUCTION, CONSUMPTION, EXPORTS, IMPORTS

[In thousands of metric tons, nutrient basis]

rogen			Phosphate				Potassium			
	Exports	Imports	Production	Consumption	Exports	Imports	Production	Consumption	Exports	Imports
	664.2	54.7	947.9	800.9	225.4	87.1	2,120.0	1,076.8	970.5	35.1
	661.5	81.7	925.6	806.3	214.0	90.3	2,109.8	1,119.3	1,027.0	49.7
	708.0	96.8	904.7	801.7	217.0	98.1	2,188.1	1,045.9	1,234.4	79.2
	617.1	100.8	919.4	856.6	194.4	106.4	2,211.8	1,120.1	1,189.3	79.7
	525.0	134.4	945.8	913.1	145.7	98.7	2,293.0	1,184.6	1,176.0	44.2
	415.2	228.3	975.9	934.9	177.6	121.2	2,376.5	1,233.5	1,088.3	91.5
	507.0	283.1	985.0	902.6	116.6	219.2	2,371.3	1,147.5	1,399.9	74.0
	500.0	250.0	950.0	850.0	120.0	180.0	2,400.0	1,200.0	1,200.0	80.0
	600.0	250.0	950.0	900.0	180.0	150.0	2,400.0	1,250.0	1,300.0	80.0
	600.0	300.0	1,000.0	950.0	200.0	150.0	2,450.0	1,250.0	1,200.0	80.0

tural Attache.

phosphate imports—98,800 tons of a total of 143,800 tons. France was the largest supplier of potassium fertilizer—41,400 tons of an 88,200 ton total.

West Germany is generally a net exporter of all three major fertilizer groups. In 1973-74, West Germany's nitrogen fertilizer exports—at 500,000 metric tons—were twice its imports; potassium fertilizer exports were more than 1.1 million tons greater than imports. However, exports of phosphate fertilizer were about 60,000 tons less than imports. In the current fiscal year exports of all three groups are expected to be larger than imports—nitrogen by about 350,00 tons, phosphate by 30,000 tons, and potash by 1.2 million tons.

In terms of production, West Germany exported about 35 percent of its nitrogen output in 1973-74, 12 percent of its phosphate, and 50 percent of its potassium. By 1979-80, the percentage of nitrogen production exported is expected to rise slightly, that of phosphate to rise slightly more than nitrogen, and that of potassium to remain about the same.

Present trends indicate that by 1979-80, West Germany's nitrogen exports will be 660,000 metric tons, compared with imports of 300,000 tons. Phosphate exports will amount to 220,000 tons, while imports will be only 165,000 tons. Potassium exports will be a whopping 1.35 million tons; imports will be only about 100,000 tons.

Many of the same countries that shipped fertilizer to West Germany have also been markets for exported German fertilizer in recent years. These included Belgium, Luxembourg, France, the United Kingdom, the Netherlands, and Poland. The top five markets with their total calendar 1973 takings of German fertilizer, in thousands of metric tons, were: Belgium-Luxembourg, 372.4; France, 135.2; Denmark, 118.0; India, 116.2, and Brazil, 97.5. In addition, East Germany took more than 267,600 metric tons of fertilizer, while the United States took just 26,800 tons.

West German export prices have been relatively low, compared with those charged for German fertilizer on the domestic market.

In 1971-72, domestic ammonium sulphate prices were about 2.5 times as high on the domestic market as the price being charged for export sales. Calcium ammonium nitrate prices were nearly 1.5 times as high, and those of calcium nitrate were about 1.7 times as high. In the following year, the respective prices were 1.8, 1.6, and 1.3 times as high.

In 1973-74, most nitrogen fertilizers were stockpiled or sold before the petroleum shortage developed. Consequently, selling prices that year did not fully reflect the price structure resulting from higher priced petroleum.

It appears that 1973-74 nitrogen fertilizer prices were only 6 percent above year-earlier levels. The full impact of higher raw material prices will be felt in 1974-75, when prices are expected to go up at least 10 percent. For the following years, a more nearly normal annual increase of about 5 percent is expected.

Prices for phosphate rock had increased only moderately prior to the upsurge in late 1973 and early 1974. Because most phosphate fertilizers had been produced, ordered, and stored before world prices started to push the German price upward, many consumers were not affected by the higher costs. Later purchasers were, however, subject to a 9-10 percent 1973-74 price boost and all buyers of German phosphate fertilizer will probably be subject to the 25 percent rise anticipated for 1974-75.

After 1974-75, it is likely that countries producing rock phosphate will react to pressures from the world market and temper raw material price increases so as to allow West German manufacturers to boost prices a more nearly normal 5 percent annually. However, price increases as moderate as 5 percent depend largely on adequate supplies of Thomas slag being available at prices competitive with those of rock-origin phosphates.

Because of Germany's ability to produce and export large quantities of potassium fertilizer, and since potash mining and processing depend but little on petroleum supplies and prices, West Germany will probably continue to sell these fertilizers at relatively moderate prices. However, an annual increase of about 5 percent is anticipated for the foreseeable future.

Thai Textile Industry To Get Government Aid

Thailand's textile industry is faced by a clutch of problems that include an overrapid increase in production in the first half of 1974, reduced sales because of depressed world markets, and large unsold stocks of textiles and yarns. Recognizing the importance of the industry and the urgency of the situation, the Royal Thai Government has taken two steps aimed at easing the crisis.

The Government increased the tax refund on exported goods, making Thai products more competitive in world markets. It also instructed the Bank of Thailand to extend loans to the textile industry to finance the import of raw materials and the export of finished goods. The Bank will make some $40 million available to the industry.

The loans to finance the purchase of raw materials will be made through commercial banks' rediscount facilities at an interest rate of 7 percent a year. Purchases made during the 6 months prior to September 1974 and 6 months after September are eligible for financial assistance that may be used to cover 50 percent of the cost of raw materials.

Export credit loans will also bear 7 percent interest with an up to 3-year repayment period. These loans can amount to 90 percent of the credit extended to foreign buyers. The Bank stated that the textile industry hopes to increase exports because the industry can now give foreign buyers long-term credit at low interest rates.

The Thai Textile Manufacturers Association (TTMA) has stated that the Bank's financial assistance to the textile industry is insufficient. TTMA requested that the equivalent of $50 million be made available to the industry. Textile mill owners have also said that the Bank's assistance is too little, and that it should make available funds to finance inventories of finished products, the mills' most serious concern.

It is these mounting inventories, in addition to the size of current loans, that are hampering industry efforts to take advantage of the credit being made available by the Bank of Thailand. And the industry will be unable to fully utilize Commodity Credit Corporation (CCC) credit because local banks are not in a position to increase credit lines that are available to individual firms or to confirm the CCC loans.

World Sugar Crop At New High, But Is Short Of Forecast

By L. C. HURT
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WORLD PRODUCTION of centrifugal sugar in the 1974-75 crop year (May 1-April 30) is now estimated at 81.1 million metric tons (89.4 million short tons), raw value basis—an all-time record, although about 2 million tons below earlier forecasts.

The new outturn exceeds the previous record crop of 1973-74 of 80.5 million tons by 600,000 tons—an increase of less than 1 percent.

Beet sugar production probably will be down from 1973-74 levels by about 1.4 million tons, but cane sugar output will be up by 2 million tons. Sugar cane is grown primarily in the developing countries, while sugar beets are grown mostly in developed countries.

The world is likely to consume a record amount of sugar during 1974-75. Higher prices, however, will slow the rate of increase. Consumption requirements will amount to 81 million tons—almost 2 percent more than the 79.5 million tons consumed in 1973-74. The slowdown in consumption will be largely in developed countries and in the developing countries that import sugar.

Many of the developing countries that produce sugar set consumer prices, and have allowed only minor price rises. As a result, these consumers have been insulated from the advances in sugar prices this year. There is now some evidence of per capita reductions in sugar consumption in the United States, as well as in some West European countries, and in Japan.

Several of the major sugar producing countries will have larger crops in the 1974-75 production year. In this category are Brazil, South Africa, Australia, and Poland. A somewhat larger crop also is forecast for Cuba, although there has been some adverse weather.

The West European countries had poor weather early in the growing season. Conditions then improved, but later declined due to bad weather.

The United Kingdom was particularly hard hit by poor weather and virus yellows disease. In the United States, a smaller outturn of beet sugar will be more than offset by a larger cane crop.

Sugar production in the Dominican Republic will be higher in the 1974-75 crop year, due to an increase in acreage. The 1973-74 crop was held down by drought.

Hurricane Fifi, which wreaked havoc on the northern coast of Honduras September 18-20, bypassed cane in the Sula Valley, and flooding caused by torrential rains and overflowing rivers receded from most of the cane lands before doing much damage.

Other Central American countries report that Fifi actually may have helped their sugarcane prospects, as it brought much-needed rain.

The outlook for Brazil's 1974-75 sugar production continues to be good. While outturn may be below the 125 million bags authorized by the Sugar and Alcohol Institute, it is estimated to be up almost 7 percent from the 1973-74 level. Half of the below-target production can be attributed to dry weather in Rio de Janeiro State.

Production is expected to be up slightly in Peru, and there is likely to be an expansion of about 13 percent in Venezuela resulting from increased acreage and, hopefully, better weather.

Virus disease and adverse weather have combined to reduce both beet yields and sugar content in Belgium.

Denmark, however, had an acreage increase of 6 percent, which is resulting in an improvement in the crop size.

France's sugar beet acreage was increased by 4 percent this year, but a lack of moisture after plantings resulted in very low yields and an estimated total outturn at the 1973-74 level. Heavy rains in early September helped to increase the size of the beets but not the sugar content.

In West Germany, the crop was not favored by particularly good weather, and production is estimated at about the same level as 1973-74.

Unfavorable spring weather conditions, virus yellows, and a difficult harvest start were drawbacks in the Netherlands in the 1973-74 year, and the sugar beet area was down about 1.4 percent as a consequence of the sharp increase in areas planted to corn for silage.

A decline in sugar beet acreage of 14 percent from the previous year has resulted in a much smaller crop in Spain.

A rather cool summer in Poland resulted in lower sugar content of beets. Anticipated sugar production is falling below target by about 7 percent, as a result. However, due to larger acreage and better yields, output will be up.

A record sugar beet crop in Yugoslavia was harvested—the result of abundant rainfall during the growing season as well as expanded acreage.

Acreage was up slightly in the USSR, but cold and damp weather early in the growing season and again later in the year prevented attainment of the production goal. The total 1974-75 Soviet sugar crop is expected to be somewhat below that of 1973-74, due principally to harvesting losses resulting from excess rains late in the season. The same rainfall pattern has resulted in lower production in southeastern Europe.

Kenya should have a further production increase in 1974-75, following a dramatic rise in the 1973-74 production year that resulted from the opening of the Mumias sugar mill and reorganization of the Chemelil plant.

In Uganda, the reverse situation prevails, and production has declined.

Conditions for the 1974-75 crop in South Africa were favorable, and production is close to a record. But dry weather has caused anxiety over the prospective 1975-76 crop, and there also is concern over the disappointing results of the expansion program.

Bangladesh hopes to attain self-sufficiency in centrifugal sugar by limiting personal consumption to 3.75 pounds per capita. Such a ceiling on domestic usage would permit export of 10,000 tons of refined sugar from the 1974-75 crop. The country's need for foreign exchange—largely to finance foodgrain imports—prompted this step.

India's total area in sugarcane in 1974-75 is about the same as in 1973-74, although monsoon rains were below normal this year and cane production is expected to be down.

Despite smaller cane production, efforts will be made to increase Indian mill sugar production by checking large-scale diversion to noncentrifugal sugar processing.

To encourage larger cane crushings by sugar mills, the Government of India has made available excise tax concessions for mills to apply to that part of

Continued on page 15

New Australian Wheat Policy Keyed to World Price Movements

By WEYLAND BEEGHLY
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AFTER A YEAR of hot debate, Australia's wheat growers and their Government have agreed on a new 5-year stabilization program that will scrap guaranteed price supports for exported wheat in favor of "stabilization prices" geared to the world market. The plan is intended to reduce Government payments to growers and to encourage the best allocation of agricultural resources.

Approved now by both of the houses of Parliament, the new program goes into effect December 1—the start of the 1974-75 wheat marketing season. Although its most significant new feature is a closer link between Australia's export prices and world demand, it is also designed to cushion the impact of any sudden price declines.

Its net effect is to encourage growers to weigh opportunities in other commodities should world wheat prices tumble from current high levels, or expand their plantings should prices continue to rise.

Other new features include:

- A limit on the Government's financial commitment to growers, which in the past has been open-ended;
- A shifting from growers to the Government responsibility for financing longer term credit sales;
- Elimination of the export quota for wheat, which in the past has limited price guarantees to a certain level of exports;
- Further changes in wheat nomenclature to allow more sophisticated marketing of Australian wheat.

Policies for domestically used wheat remain much the same as in the previous programs.

Some type of stabilization program has been used in Australia for more than 25 years. However, as Government payments to growers began to mount in the late 1960's and early 1970's, pressure for a new approach started building. (Although export prices now exceed support levels, it is the first time in 18 years.) Government payments totaled the equivalent of US$80 million in the third 5-year plan (1958-59 to 1962-63), $124 million in the fourth plan, and an estimated $170 million in the fifth plan.

The new program, like the five previous ones, will be administered by the Australian Wheat Board. As in the past, revenue from export and domestic sale will flow into a common pool to be divided among growers at the close of the season. The Board will retain authority to borrow from the Reserve Bank and other sources funds required for the "first advance"—this payment is traditionally made to growers upon delivery to carry them until pool income is known and a final settlement can be made—a procedure that can sometimes drag over several years.

Although the wheat program will be administered much as before, the export price policy is new. Formerly, a guaranteed price was established at the outset of each plan and adjusted on a cost-of-production index in succeeding years. If the average export price rose above the guaranteed price, growers paid into a special fund. If prices fell below that level, growers could draw on the fund, then on the Government, to achieve guaranteed levels.

The mechanics of the new plan are similar except that a stabilization price will be set each season based not on the cost of production but on world price movements the preceding year. If the season's average export price soars above the stabilization price (set at $96.27 per metric ton or $2.62 per bu. for 1974-75), growers must contribute to a Stabilization Fund up to $39.3 million or $7.22 per exported ton, whichever is lower. However, the price minus contribution cannot bring the net return below $72.21 per ton ($1.97 per bu.).

If the season's average export price falls below the stabilization price, growers will receive from the Fund payments necessary to bring the average price back toward the stabilization level. But here again, payments are limited to $39.3 million or $7.22 per ton, whichever is lower, and will not be made if they push the final price above $96.27 per ton. This restriction will be lifted in the event that grower credit in the Fund reaches $104.8 million.

The Fund will begin with a balance of $63 million, paid by the growers in 1973-74, which was to have been the first year of the new program. However, when an agreement between growers and the Government could not be reached, the previous program was extended for 1 year. As receipts were well

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RETURNS TO AUSTRALIAN WHEAT GROWERS DURING THE PAST DECADE[1]

Item	Value	
	Australian dol. per bu.	*U.S. dol. per bu.*[2]
Fourth Plan:		
1963-64	1.37	1.79
1964-65	1.35	1.77
1965-66	1.41	1.85
1966-67	1.42	1.86
1967-68	1.47	1.93
Fifth Plan:		
1968-69	1.23	1.61
1969-70	1.19	1.56
1970-71	[3] 1.31	1.72
1971-72	[3] 1.37	1.79
1972-73	[3] 1.40	1.83
1973-74[4]	[3] 2.75	3.60

[1] Includes a blend of domestic and export receipts, plus Government payments. [2] Assumes current exchange rate of A$1.00=US$1.31. [3] Estimated. [4] The 1973-74 pool is an extension of that in the Fifth Plan.

Note: U.S. dollars are used throughout the article, based on the exchange rate of A$1=US$1.31.

Brazil Reaps Bumper Crops

Continued from page 4

which fell from about 4 million tons in 1967 to 700,000 tons in May 1974.

This year's production would permit Brazil to meet consumption requirements of about 500,000 tons and maintain exports at recent or slightly higher levels without a further stock reduction.

However, the value of January-July 1974 coffee exports was 24 percent below that of 1973. Brazilian exports have met strong buyer resistance, which contributed to some weakening of world prices near midyear. At the same time, Brazilian producers were holding supplies in anticipation of price increases. This led to Government actions to reduce contribution quotas required of exporters and provide an increase in guaranteed prices to producers to be effective October 1.

Some increase in exports is anticipated late this year, but current forecasts are for a drop in volume to near 900,000 tons. Earnings may be significantly below the 1973 level of $1.34 billion.

The Brazilian Coffee Institute (IBC) is reported to be making progress in implementing the Government's current 3-year tree planting program. The $740-million program for planting 600 million trees, initiated in 1972, is designed to raise production to an average level between 1.7-2 million tons within 3 years of the program's completion, reportedly to be in December 1974. It provides higher yielding, disease-resistant varieties, with major emphasis on expansion in Brazil's frost-free coffee zone.

Sugar. With the sharp rise in production in recent years, Brazil ranks as the world's largest producer of cane sugar. A further increase is indicated by Government actions which authorized a 12 percent increase in total quotas for 1974 production, mainly during July-December, in response to strong world demand. Production is forecast near 7.4 million tons, up from the 1973 record of 6.9 million tons.

The rising production trend has been partly offset by increased domestic consumption associated with the growth of urban population and incomes. However, sugar exports have advanced to become Brazil's third ranking export, following only coffee and soybeans, with earnings of $600 million during 1973. Earnings are forecast to reach $1 billion in 1974, due partly to the sharp rise in world prices.

With consumption estimated near 4 million tons, 1974 production may provide exports exceeding 3 million tons, to make sugar Brazil's most important export during 1975, with earnings ranging upward to more than $1.5 billion.

Cocoa beans. Growing conditions were unusually favorable for cocoa production and total harvests in the 1973-74 crop year (October-September) rose to an alltime high of over 245,000 tons, exceeding the previous year's harvest by about 55 percent. In contrast, heavy rains during the flowering period are expected to reduce 1974-75 harvests sharply, and production is forecast to drop to under 200,000 tons.

Large supplies and rising prices encouraged a strong expansion in exports, however. The January-July 1974 export value of $80 million was about 2.5 times that of the same period in 1973. Export prices were at a high level of over $1 a pound in mid-October, indicating that earnings from exports of cocoa beans and products will be unusually large this year.

Other crops. Brazil's 1974 tobacco crop was estimated up sharply to 217,000 tons, well above the 1971 record of 196,000 tons. For 1974, exports are expected to significantly exceed volumes of near 65,000 tons shipped the past 2 years. However, some strengthening in prices was indicated by January-July exports—valued at about $56 million, compared with $34 million for the same 1973 period.

Current reports indicate that Brazil's 1974 sisal crop may be below last year's harvest of 285,000 tons due to overcutting. However, the value of January-July exports was $74 million, compared with $54.5 million for all of 1973. This higher value mainly reflects sharp advances in prices, which are currently estimated near $940 per ton for type 2.

Stronger prices encouraged a further recovery in castorbean production, and the 1974 harvest totaled 425,000 tons, compared with 400,000 tons the previous year. Brazil's castor oil exports are expected to significantly exceed the record 184,000 tons for 1969.

Beef. Current reports indicates that a 14 percent reduction in Brazil's cattle slaughter may reduce beef production to 2.1 million tons this year, down from a 1973 level near 2.5 million. Reduced European demand for fresh and frozen beef is considered a significant factor contributing to lower production.

Export quotas for 1973 were placed near 130,000 tons, about 31 percent below levels of the 2 previous years. For 1974, this was reduced to 80,000 tons in an effort to slow the rise in domestic prices. January-May exports, particularly of fresh and frozen beef, were down sharply from a year earlier, totaling 18,700 tons, compared with 57,900 tons for 1973. Current estimates indicate that total 1974 exports probably will not exceed 50,000 tons.

World Sugar Crop

Continued from page 13

their 1974-75 output that is in excess of 1973-74 production.

The Government is requiring mills, beginning with the 1974-75 year, to share with sugarcane growers 50 percent of mill profits on free-sale sugar.

Pakistan is trying to stabilize production and supply of sugar for domestic consumption, but due to poor growing conditions in Sind Province, the 1974-75 target will not be reached.

The Republic of China is likely to have a decrease in 1974-75 sugar production, due to the Government's policy of promoting rice production. It is expected, however, that the sugar production target will be reached.

In Thailand, the area planted to sugarcane for the 1974-75 crop is 20 percent larger than a year earlier, and production will likely exceed 1 million tons.

Higher cane prices and the Government's policy of increasing sugar production for export as well as domestic consumption are expected to power the expansion trend.

Australian sugar production in 1974-75 is about 2,950,000 tons, up nearly 15 percent from the previous year's crop. The area being harvested is about 639,000 acres, up 8 percent from that of a year earlier.

The Australian harvest area for the 1975-76 crop has already been designated. Growers will be permitted to harvest up to 100 percent of their gross assigned areas, a step reflecting confidence in a continued strong world market for sugar.

(A detailed report on world sugar production will be presented in the November 30 issue of *World Agricultural Production and Trade.*

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

USSR Grain Plantings Reported

As of October 21, winter grains in the USSR had been sown on 80.1 million acres or 93 percent of the planned acreage. Winter grain planting has increased over last year's level in the Ukraine, Latvia, Moldavia, and some areas of the RSFSR (Federated Republic). Recent reports indicate that the condition of winter grains in southwestern Ukraine and Moldavia is very good to excellent.

Canada May Freeze Wheat Prices

A bill recently introduced in the Canadian Parliament would provide for a Government subsidy insuring that Canadian millers would not have to pay more than $3.25 per bushel for wheat going into domestic consumption until August 31, 1980. Under present price conditions (Canadian wheat export prices of over $6 per bushel), this amounts to a subsidy of about $3 per bushel on one-fifth of Canadian wheat production. This action would extend for 6 years a subsidy that has been in effect for about 1 year. The Canadian Government made a commitment last year to provide for such subsidization until 1980.

Advance Payments Made For Australian Wheat

The first advance payment for Australia's 1974-75 wheat crop again will be A$1.20 (US$1.58) per bushel, but the first advance payment for the 1975-76 wheat crop will be increased to A$1.50 (US$1.98) per bushel. At the same time the Government has decided to suspend quota restrictions on wheat marketing from the 1975-76 crop.

Although the increase in the first advance may lead to an expansion of wheat plantings in some areas such as western Australia, the total increase in acreage is expected to be small, particularly if prices for feedgrains and oilseeds remain at their current high level. However, lifting of quotas may bring in new producers and, over a period of time lead to a substantial increase in wheat acreage if prices hold up.

Yugoslavia Stockpiles Surplus Wheat

Despite a sizable wheat surplus from the record 1974 wheat crop, Yugoslav officials have indicated there are no plans to export wheat at this time. The Federal Directorate for Food Reserves to date has purchased about 2.8 million metric tons of the 1974 wheat crop. According to the Directorate, urban requirements are only about 2.5 million tons, but the remaining 300,000 tons will be stockpiled for next year. Because of prolonged rains and floods, only 10 percent of the nearly 5 million acres planned for seeding had been planted as of late October. As a result, current prospects for the 1975 wheat crop are especially poor.

Northeast Asia Has Good Rice Harvest

Rice production in all three Northeast Asian countries of Japan, South Korea, and the Republic of China (Taiwan) is currently expected to exceed 1973-74 levels. Record crops are forecast for the latter two countries. The combined production estimate is about 1 million tons higher.

Current estimates show 1974-75 rice production with 1973-74 data in parentheses, in 1,000 metric tons, at: Japan, 15,450 (15,200); South Korea, 6,033 (5,900); and Taiwan, 3,614 (2,886.)

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Nov. 5	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.51	−1	5.55
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	6.46	+4	5.24
15 percent	(1)	(1)	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	6.42	+6	5.53
No. 3 Hard Amber Durum	8.26	−1	6.86
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	4.21	+6	3.00
Argentine Plate corn	4.52	+1	3.18
U.S. No. 2 sorghum	4.29	+9	3.29
Argentine-Granifero sorghum	4.32	+6	3.25
U.S. No. 3 Feed barley	3.76	+12	2.69
Soybeans:			
U.S. No. 2 Yellow	8.50	+32	6.15
EC import levies:			
Wheat	0	0	0
Corn	0	0	.44
Sorghum	0	0	.20

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

EC 1974-75 Grain Trade Indicated

The European Community has issued wheat export certificates for 581,300 metric tons of wheat and flour during August 1-October 8, 1974. Corn import certificates for 934,000 tons were granted over the same period. These figures compare with export certificates for 1,377,000 tons of wheat and import certificates for 2.8 million tons of corn for the same 1973 period.

Poland's Winter Grains Delayed

Constant rainfall since early October has delayed the sowing of winter grains in Poland. As of October 11, not more than 70 percent of the winter wheat had been sown for the country as a whole, and in some Provinces only 30-40 percent of the planned acreage had been seeded. All of the plantings of rye also has not been completed, and the optimum period is long past. The Government has advised farmers to discontinue the sowing of winter crops and to earmark these areas for spring grains.

FRUIT, NUTS, AND VEGETABLES

Yugoslav Hops Production Down

The 1974 Yugoslav hops crop is forecast at 5,200 metric tons, 8.5 percent below the 1973 crop of 5,700 tons. The reduction was caused by rain and cold weather during the blooming period. Area under hops rose 24 percent over that of 1973 to total 1,569 acres.

Yugoslav exports during 1973-74 totaled 4,286 metric tons, of which 150 tons (hop equivalent) were hop extracts. This compares with 3,752 tons exported during 1972-73 season. The principal customer in 1973-74 was the United States. Exports during the coming year are estimated at 3,700 tons, down 14 percent from the 1973-74 level. The anticipated decline results primarily from the expected reduced harvest. Reportedly, 80 percent of the exports expected during 1974-75 have been sold on forward contracts.

During the 1973-74 marketing year, Yugoslavia imported a total of 258 tons of hops and hop extracts (in hop equivalent). Hop import needs for the 1974-75 season are estimated at 200 metric tons, including hop extracts.

West German Hops Prospects Good

Despite adverse weather conditions in certain producing areas and above normal wilt damage, West German producers are expecting a relatively large harvest of hops in 1974. Current estimates are around 75.8 million pounds, compared to the record 84.8 million pounds harvested last year. This represents a decline in production of about 10.6 percent. Area again rose slightly by 292 acres in 1974 to 49,808 acres.

In the latter part of September, contracts covered almost 59 million pounds of the new crop.

Indian Cashew Crop Estimate Revised

Production of raw cashews in India this season (October 1973-September 1974) now is estimated at 105,000 metric tons, 5,000 tons above the January estimate and at about the same level as the 1973 crop.

Traditionally dependent on African raw nuts for a substantial percentage of the tonnage it processes, the Indian trade imported 172,110 metric tons (raw nut basis) during 1973, compared to 192,879 during 1972. During 1974, imports are expected to be about 170,000 tons. Prices for raw African nuts, Angoche c.i.f. Cochin, averaged 12 U.S. cents per pound in 1973, compared with 10 U.S. cents per pound in 1972 and 14 U.S. cents per pound for the January-September 1974 period.

Indian exports of kernels during calendar 1973 were 57,000 tons, compared to 64,500 tons during 1972. About 36 percent went to the United States and 36 percent to the Soviet Union during 1973. Exports during calendar 1974 are forecast at 58,000 metric tons of kernels, about the same as last year's exports. About 23,000 tons are estimated to go to the USSR and 19,000 tons to the United States.

Exports suffered a setback during 1973 because of the smaller raw nut imports. As the cashew industries of East Africa process more of their raw nuts (for export as processed nuts), they will have less raw cashews to export. Additionally, an increasing amount of East African raw cashews are being exported to the People's Republic of China, thus further depleting available supplies for export to India. To help alleviate his problem, the Government of India has allocated funds for cashew development during their Fifth 5-Year Plan (1974-75 through 1978-79).

Prices of cashew kernels during 1974 have fluctuated somewhat in reaction to seasonal movements, but overall are firm and slightly above those of last year. For example, the average price of whole kernels (320 count) during January-September 1974 amounted to US$1.21 per pound (c.i.f. New York). This compares to a peak price of US$1.30 during June and a low of US$1.10 in September. By way of comparison, the price of whole kernels (320 count) during the January-September 1973 period amounted to 98 cents (c.i.f. New York). Industry officials expect prices to remain firm for the rest of the year.

Weather Reduces India's Walnut Crop

India's 1974 commercial walnut crop is forecast at 9,500 metric tons (inshell basis), down 30 percent from the 1973 harvest of 13,500 tons. The decline is attributed to adverse weather in Jammu and Kashmir, principal producing regions.

Walnut exports during the first 3 months of the 1973-74 (October-September) marketing year totaled 2,441 tons (inshell basis), down 52 percent from exports for the corresponding period the year before. Total exports for the 1973-74 year are estimated to be about 6,000 tons, down 25 percent from the year before. Exports for the 1974-75 year are forecast at 4,500 tons (inshell basis). The export incentive scheme, which was withdrawn by the Indian Government during the 1973-74 season, has not been reintroduced. India does not import any walnuts.

Because of shipping problems during the 1973-74 year, exporters were left with large quantities of walnuts that could not be exported. In earlier years, only retailers carried stocks during the summer months. Stocks in all positions at the end of the 1973-74 year (September 30, 1974) are estimated at around 1,000 tons, compared to only 200 tons of walnut stocks on September 30, 1973.

France's Walnut Crop Down, Exports Up

Because of bad weather in major producing areas, France's 1974 walnut crop is forecast at 18,500 metric tons (inshell basis), down 37 percent from the estimated 1973 harvest of 29,300 tons (inshell basis). Size of fruit is expected to be average and quality good.

Walnut exports during the 1973-74 season are estimated

to total 11,000 metric tons (inshell basis), compared with 10,140 tons the year before. However, the 1973-74 export total contained some noncommercial walnuts. Because of abnormally large 1974 carry-in stocks, the French trade is expected to make special efforts during the 1974-75 year to increase total exports to 12,000 tons. West Germany and Switzerland—traditional outlets for French walnuts—are expected to be the principal buyers.

Because of the large French crop, imports decreased from 2,000 to 1,250 tons (inshell basis) during 1973-74. Most of the French imports come from the United States. In spite of the expected smaller French crop, imports are not expected to exceed 2,000 tons during the 1974-75 season because of the large carryover from the 1973-74 season.

During the 1974-75 season, the French Government has allotted funds for price support operations to promote walnut exports.

Italian Walnut Crop Estimate Lowered

Primarily because of cold wet spring weather in its major producing regions, Italy's 1974 walnut production is estimated at 15,000 metric tons, down 25 percent from the 1973 crop of 20,000 tons, and equal to the lowest production level of the last 6 years. However, the quality of this year's crop is very good.

Preliminary estimates place Italian walnut exports at 5,700 tons (inshell basis) during 1973-74, more than double the 1972-73 total. West Germany, Belgium-Luxembourg, East Germany, Poland, and Libya are the major buyers. In the coming year, exports are forecast at 4,500 tons, down 21 percent from the 1973-74 estimate, but 36 percent above the small export level of 1972-73. While the devaluation of the lira against other European currencies and the expected smaller crops in both France and the United States may encourage Italian walnut exports, a weakening of demand in Italy's traditional export markets and noncompetitive Italian prices will offset these benefits. In addition, Italian exporters are paid 3 U.S. cents per pound for sales to third countries. Prices at origin for best quality Sorrentos are about 13 percent higher than those of a year ago.

On the import side, Italy purchased about 969 metric tons (inshell basis) of walnuts during 1973-74, compared with 2,400 tons the year before. Imports during 1974-75 are expected to be negligible, primarily because of the application of a 50 percent import deposit requirement on walnuts enacted last May. This import scheme is expected to continue through March 1975.

Argentina Has Larger Dried Fruit Crop

Excellent weather conditions have contributed to a larger 1974 Argentine dried fruit crop. Total production is estimated at 8,321 metric tons, 2½ times the short 1973 crop of 3,298 tons. Production of individual items, with 1973 in parentheses, is as follows (in metric tons): Raisins, 3,300 (2,570); prunes, 5,000 (725); and dried pears, 21 (3).

Exports during the first half of 1974 reflected the sharp increase in dried fruit prices within the Argentine industry. Exports of all dried fruit totaled 1,272 tons during January-June 1974, compared with 1,423 tons a year earlier. August export prices per 10 kilo box, f.o.b. Buenos Aires, were reported at $20-$22 for raisins, $10-$12 for prunes, and $11-$13 for dried pears. Comparable 1973 prices were $8.50-$8.70, $5.50-$6.80, and $8.50-$10.50, respectively. Mexico, Brazil, and West Germany were the leading export markets during the first half of 1974.

Portugal's Tomato Paste Output Down

Tomato paste output in Portugal during 1974 was previously forecast at 150,000 metric tons, down by 2.6 percent from the 1973 level. Trade sources are now pessimistic about attaining this level of output. Tomato paste production for 1974 currently is estimated at 120,000-130,000 metric tons, reflecting a decrease of about 19 percent from 1973 output.

Spanish Dried Fruit Output Down

Spain reports a smaller dried fruit crop in 1974, with exports up in 1973-74. Total dried fruit production is estimated at 8,300 metrc tons, 22 percent below last year's crop of 10,700 metric tons. Production of individual items, with 1973 in parentheses, is estimated as follows (in metric tons): Raisins, 4,300 (6,000); figs, 3,500 (4,000); and dried apricots,, 500 (700). Raisin production reportedly was tempered by an active demand for grapes in the Malaga district and mildew in the Lavant district. Fig production was good, but below the bumper crop of a year ago.

Total 1973-74 exports of dried figs and raisins were larger than those of 1972-73, and fig exports also were above the 1965-69 average. Totals were estimated at 3,500 metric tons of figs and 2,200 metric tons of raisins. The United States was the leading export market for figs and fig paste. The United Kingdom, France, Sweden, and Morocco were the principal export markets for raisins.

LIVESTOCK AND PRODUCTS

Morocco Buys West German Cattle

Morocco recently purchased 3,500 Holstein dairy cattle from West Germany. The price of $855, c.i.f. Casablanca, was reported to be substantially below offers of comparable U.S. cattle.

Canada To Assist Calf Producers

The Provincial Governments of Manitoba, Saskatchewan, and Alberta have announced cash advance programs to assist cattlemen facing depressed market prices for their feeder calves. Each program is designed to encourage producers to develop their feeder cattle to heavier weight ranges, rather than sell lightweight stocker calves at prices that could result in a liquidation or cutback in cow-calf operations because of a decrease in cash flow. The ultimate goal of the program is to prevent a beef shortage to the Canadian consumer.

The Alberta program will grant 1-year interest-free cash advances of Can$74 (US$76.50) per calf with a maximum of Can$6,000 (US$6,120) per farmer. The Saskatchewan Government will make up to $Can40 million (US$40.8 million) available in similar interest-free advances to cow-calf operators. Under Manitoba's stocker program, a producer may

receive $Can100 (US$102) for each steer or heifer calf up to a maximum of $Can5,000 (US$5,100). A fund of $Can20 million (US$20.4) will be made available for cash advances under the Manitoba program.

South Africa Buys EC Carcass Beef

According to a spokesman for the Department of Agriculture in Cape Town, South Africa will import 1,000 carcasses of beef from the Common Market.

It was indicated that the landed cost would be 35.6 cents per pound and the selling price would be 37.4 cents per pound.

Apparently, 40 percent of the beef is already in transit and is due to arrive in South Africa soon.

U.S. Cattle, Beef Sales To Canada In Slow Start

U.S. shipments of live cattle and beef to Canada were resumed on September 9, following Canada's acceptance of a modified U.S. certification program for diethylstibestrol (DES). Canadian imports of live cattle from the United States for immediate slaughter (quota cattle weighing over 700 pounds each) for the week ending September 14 totaled 1,822 head, compared with unrestricted imports of 9,689 head for the same week last year. Imports of U.S. beef for the week ending September 14 totaled only 33,043 pounds and consisted entirely of boneless beef, compared to imports of 276,381 pounds (carcass, cuts, boneless, etc.) for the same week last year.

DAIRY AND POULTRY

Swiss Consider Cheese Levy

Reflecting concern over increasing cheese imports, the Swiss National Council, on September 19, 1974, approved a variable surcharge on cheese imports to be imposed whenever imports threaten to undercut the prices of domestic cheese. The upper house still must vote on the measure in December, which may be followed by a public referendum. At the earliest, such a measure would go into effect April 1, 1975. There are no U.S. exports of cheese to Switzerland.

U.K. Butter Subsidy Increased

The consumer butter subsidy in the United Kingdom has been increased by about 46 percent, or from about 13.2 cents to 19.2 cents per pound. The increase in the subsidy was to offset the recent 4 percent increase in the EC intervention price for butter. As expected, the Irish and Continental European Community suppliers increased butter prices by the amount of the consumer subsidy.

EC Ups Export Price Of Skim Milk Powder

Effective October 7, the European Community Commission increased the intervention price for skim milk powder by about 4 units of account (u.a.) per 100 kilograms. At the same time, export subsidies were increased by only 1 u.a. per 100 kilograms.

The current world price for skim milk powder ranges between $870 and $880 per long ton. If the EC had not increased its export subsidy, the price of the EC skim milk powder would have risen to around $950 per long ton. By limiting the increase of the export subsidy, the Community in effect raised its price slightly, to around $920 per long ton.

The EC also increased the subsidy for skim milk going into animal feed by 1 u.a. per 100 kilograms. This brings the subsidy in the United Kingdom to nearly 17 cents per pound. Again, this does not reflect the full increase in the intervention price for the milk powder.

COTTON

U.S. Cotton Exports Down

U.S. raw cotton exports in September totaled 125,000 running bales, 53 percent below shipments in September 1973. Cumulative August-September 1974 shipments of 386,000 bales were 35 percent below the comparable level last season. Slower than usual movement is attributed to tight U.S. supplies prior to harvest of the current crop, continued uncertainty regarding higher freight rates in Gulf and Atlantic ports, and the depressed worldwide textile situation.

European destinations in September accounted for 14,000 bales, down 63 percent from the 1973 level. Movement of 42,000 bales to these same destinations during the first 2 months of the 1974-75 season represents a drop of 42 percent from that of last season. Shipments to Asia and Oceania during September amounted to 74,000 bales. Cumulative August-September shipments to these destinations came to 264,000 bales, down 42 percent from last year's shipments. September exports to Africa and the Mideast increased sharply to 12,000 bales, compared with 4,000 in September 1973. For August and September shipments to these destinations totaled 32,000 bales, compared with 7,000 for those months in 1973. Canada took 24,000 bales in September, compared with 42,000 a year earlier, accounting for virtually all Western Hemisphere shipments in September. Cumulative shipments to Canada total 48,000 bales, down slightly from 53,000 for the same months in 1973.

Other Foreign Agriculture Publications

- Dried Fruit, World Production and Trade Statistics (FDF 1-74)
- World Sugar Trade Increases, Molasses Exports Up in 1973 (FS 2-74)
- Canned Fruit Prices in the Netherlands, West Germany, and the United Kingdom (FCAN 4-74)
- U.S. Trade in Poultry Products in Fiscal 1974 (FPE 4-74)
- World Grain Trade Statistics 1950-51/1972-73 (FAS M-258)
- Raw Cotton Exports in August Below Year Earlier Levels (FC 19-74)
- World Bovine Hide Production (FLM 11-74)

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New Australian Wheat Policy Keyed to World Price Movements

Continued from page 14

above guaranteed levels, growers contributed what has become the credit balance of the new Fund.

If during the next few years the growers' credit should become insufficient to achieve the stabilization price, the Government will support the Fund. However, any Government money must be repaid by growers in subsequent seasons before growers' contributions can again accumulate.

Although Government contributions cannot exceed $39.3 million in any one season or $104.8 million over the total plan period, any outstanding balance owed to the Government at the end of 5 years will be written off.

The traditional "first advance" will continue under the new plan. While the level of this payment is not set by legislation, it was $1.44 per bushel for the 15 years prior to 1973-74, when the price was increased to $1.57. It will remain at that level for the duration of the 1974-75 season.

Although the Government's commitment is no longer open-ended, the new program will allow farmers to escape the burden of financing 3-year credit sales. Until recently such sales—primarily to Egypt and East Germany—accounted for up to 20 percent of Australia's exports.

By delaying a final accounting of each season's pool, credit sales were, in effect, borne by farmers. From now on, such sales will be financed by the Government.

The new program is also without the traditional export quota. Since 1968-69 this has been set at 5.44 million tons (200 million bu.) with wheat exported over the quota not entitled to the guaranteed price. Under the new policy, all exported wheat will be supported at the stabilization level.

THE NATIONAL delivery quota, introduced in 1969-70, remains in effect and will total 14.5 million tons plus an additional 2-million-ton floating quota —the same as for 1973-74. States are no longer required to make quota allocations to individual growers, although first advances will continue to be paid only up to the level of the quota determined for each State. However, this year's quota is far above projected outturn—now estimated at about 11.5 million tons.

There are reports that the delivery quota will be suspended altogether for 1975-76 to encourage all-out production and allow entry of new farmers into the industry.

Like several other major exporters, Australia consumes less than half the wheat it produces. Although the price policy for exported wheat has changed, that for home consumption remains much the same as in previous years. From 1968-69 until 1972-73, the home price, based entirely on farmers' production costs, exceeded the export price. This year's price will be based on the 1973-74 level of $92.24 per ton ($2.51 per bu.), adjusted for increased production costs, freight, and handling charges. Unlike earlier plans, the new legislation does not provide special pricing arrangements for feed wheat.

Although the new program deals largely with price, it also introduces a major change in wheat nomenclature. For more than 80 years, most of Australia's wheat has been sold on a Fair Average Quality (FAQ) basis, though premiums are now being paid to producers of Prime Hard, Hard, and Biscuit wheats. As a step toward more sophisticated marketing, FAQ will now become known as Australian Standard White.

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